



Northern Ireland Quarterly House Price Index for Q4 2020 Report 145

McCord, M., McCord, J., & Haran, M. (2021). *Northern Ireland Quarterly House Price Index for Q4 2020 Report 145*.

[Link to publication record in Ulster University Research Portal](#)

Publication Status:

Published (in print/issue): 16/02/2021

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Northern Ireland Quarterly House Price Index

For Q4 2020 | Report Number 145 | ISSN 1462-2351




PROGRESSIVE
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Introduction

This survey analyses the performance of the Northern Ireland housing market during the fourth quarter of 2020 (October, November & December). The report details the key trends and spatial patterns in the housing market, drawing comparisons with the fourth quarter of 2019 as a measure of annual change and with the third quarter of 2020 as an indicator of quarterly change. The report is produced by Ulster University in partnership with the Northern Ireland Housing Executive and Progressive Building Society.

The price statistics are based upon market evidence as the housing market continues to function during the waves of the global pandemic and ongoing national and regional imposed lockdowns. We reported in the last quarter that there appeared a psychological impact upon the housing market with buyers and sellers re-evaluating their housing options, noting a discernible trend in buyers trading up within the market. This trend it would appear has continued into the fourth quarter of the year.

With the second quarter of the year revealing limited transactional evidence as a result of the national lockdown and subsequent market closure, there were signs of pent-up market demand, and the re-opening of the market in the final month of that quarter showed levels of activity consistent with normal market trends. This trend has continued with the market rebound showing no obvious signs of diminishing into quarter one of next year. As immunity takes effect, and the support packages and measures are slowly withdrawn from the market, and the housing market becomes more interlinked with the economy, the ‘truer’ and real implications of the global pandemic will emerge. That said, the savings rate is the highest it has been in a decade and there is undeniable appetite for consumers to go out and spend when restrictions are removed. This may well see housing market churn continue as normal with any price correction showing a soft landing.

This report is premised upon 2,630 transactions, which is higher than the 2,208 transactions reported in Q4, 2019 serving to reinforce the ‘normal’ levels of market activity.

Information is presented on the residential property market for Northern Ireland and the report includes analysis of average sale price by different property types across Northern Ireland (where applicable and available). The overall performance of the housing market is measured by a weighted index and reflects the market share of each property type. The index captures various movements within a single statistic and allows for the analysis of changes over time. At sub-regional level, the analysis in this report considers market pricing within each Local Government District (LGD) throughout Northern Ireland. In addition, to reflect the localities within which households tend to make decisions about house purchase, the regional analysis also presents price trends based on functional housing market areas (HMAs) defined by the Housing Executive in 2018.

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Foreword from Northern Ireland Housing Executive

‘The only certainty there is’

Pointing towards the decisive UK general election outcome, movement on Brexit and a return to devolved government locally, our House Price Index commentary for the final quarter of 2019, published this time last year, noted that there was, at last, a greater degree of certainty around some of the key issues influencing the Northern Ireland housing market. However, 2020 brought circumstances and challenges that few could have begun to imagine, and its legacy will be with us for some time to come. Ulster University’s report on Q4 2020 enables an overview of the past year and helps us consider the possible outlook.

At £183,944, the average price of properties sold during the final quarter of 2020 was 2.8% higher, on a weighted basis, than during the equivalent quarter in 2019 and brought the overall index to 660.92, a level that was last reached in the latter half of 2008. The Q4 2020 sample (2,630) was also the highest recorded by this survey for well over a decade; the last time a greater number of transactions was analysed was in Q3 2005 (2,772). As noted by the research team, the level of activity and continuing price growth in both the third and fourth quarters of 2020 were at least partly attributable to pent up demand arising from the temporary closure of the housing market earlier in the year, and a desire among existing home owners to ‘trade up’.

Where the headline figures are concerned, only the dip in transactions during the second quarter of 2020 reflected an immediate pandemic impact on the housing market in Northern Ireland which, as the report notes, remains generally unaffected by the impacts of the coronavirus. Furthermore, the agents who contributed to the research expected that both price and activity levels would remain stable or trend slightly upward, at least in the short term. At a time of great uncertainty, the relative stability of the housing market has been encouraging. Looking ahead, a number of factors are likely to influence the extent to which that stability can be maintained.

The speed and extent of the easing of virus-related restrictions

It has been reported that the Bank of England expects mass vaccination to make a positive impact on the UK economy by the second half of 2021, and that households who have been able to increase their savings over the last year are keen to spend. However, public health officials remain cautious about the scope to lift restrictions and with ongoing analysis of the threat posed by new variants, the direction of travel remains somewhat unclear.

Policy decisions on key mitigation measures, and associated labour market impacts

The coronavirus job retention scheme, or furlough scheme, is due to wind up at the end of April. From a peak of 139,000 in July 2020, the number of employments that were furloughed in Northern Ireland fell to below 70,000 in September after the easing of the initial lockdown. However, with further restrictions in the latter part of the year, by the end of December almost 95,000 employments in the region were furloughed – around 39,000 partially and 56,000 fully. The services and wholesale, retail and

vehicle repair sectors remained by far the most impacted, followed by manufacturing. The count of people claiming Jobseeker’s Allowance or Universal Credit principally for the reason of being employed had already almost doubled between March and December, when claimants accounted for over six per cent of the workforce. 2020 saw the highest total number of proposed redundancies since records began (11,000) and the highest total number of confirmed redundancies in the last ten years (4,680). The number of people in employment fell by 23,000 over the year to September-November 2020, and 15,000 of this decrease was among the self-employed. By age group, those in the 16-24 category saw the largest fall in employment over the same period, and the decrease of 19,000 was the greatest decrease among this age group since 2012.

Housing Supply

New dwelling statistics indicate that – not surprisingly – by the end of the third quarter of 2020, dwelling starts and completions were both at their lowest level for the equivalent period in a number of years. Aside from the pandemic, the first few weeks of 2021 have demonstrated that the practical and logistical challenges arising from Brexit are particularly acute in Northern Ireland. Higher shipping, raw material and transport costs had already led to price rises and, according to recent Ulster Bank analysis, the sectors particularly impacted – and pessimistic for 2021 – are retailing and construction.^{iv}

As long as demand for house purchase continues to be strong, any downturn in supply may continue to exert upward pressure on prices, at least in certain locations, creating particular challenges for the younger households and potential first time buyers already most likely to have felt the economic impacts of the pandemic. However, if the various mitigation measures that have helped hold some of the economic and housing market impacts of the coronavirus restrictions in abeyance end as currently planned, the situation for some existing home owners impacted by the economic fallout of lockdown restrictions may sooner or later become unsustainable. We have been well reminded that ‘uncertainty is the only certainty there is’, and policy makers may well have responsibility for some difficult decisions in the year ahead.

Ailbhe Hickey

Assistant Director of Land & Regeneration (A),
Northern Ireland Housing Executive

Statement from Progressive Building Society

As we continued to navigate through different levels of lockdowns, the buoyancy within the Northern Ireland housing market that we witnessed in Q3 has continued in the last quarter of 2020 with a quarterly price rise of 2.4% and an annual increase of 2.8%.

The trend for buyers to re-evaluate their options and trade up has continued, with the majority of agents seeing increased levels of transactions resulting in the overall average price of residential property in Northern Ireland for the fourth quarter of 2020 rising to £183,944. In particular, there was a positive annual price growth within the semi-detached and detached segments of the market, while the apartment sector reveals a modest price decline with 69% of transactions below £150,000.

According to some estate agents, the volume of first-time buyer enquires are also up on the previous quarter with viewing translating into an increase in agreed level of sales. However, the supply-demand imbalance may be felt in Q1 due to the low levels of new builds and some existing homeowners still hesitant to sell during the pandemic, notwithstanding the impact of new restrictions which came into effect at the end of Q4 2020.

Regional Outlook

In line with previous surveys, the geographic variation in average house prices across the LGD areas remains spatially uneven and representative of local market demand and supply factors and market behaviour. When considering the price change statistics between this quarter and the previous quarter, three of the eleven LGDs, for which analysis was possible, revealed nominal to modest price decreases.”

For Q4 of 2020 Antrim and Newtownabbey remained in parity with quarter three statistics noting a negligible decline of 0.2% showing an average price of £159,639. Both Derry City and Strabane and Armagh City, Banbridge and Craigavon LGDs displaying nominal declines of 1.50% and 1.53% revealing average prices of £127,899 and £158,465 respectively. The Ards and North Down (-3.32%), Mid Ulster (-4.87%) and Newry, Mourne and Down (-3.87%) LGDs observed marginally higher

price change declines. The price change growth of 1.75% in the Lisburn and Castlereagh LGD sees it the most expensive LGD with an average price of £204,401, followed closely by Ards and North Down (£203,218) despite its modest decline this quarter of 3.3%. The Belfast LGD observed a price change increase of 2.1% displaying an average price of £163,473. More notable price increases are observed in the Causeway Coast and Glens (8.99%) which shows an average price of £203,028, with price change increases also discernible in the Mid and East Antrim and Fermanagh and Omagh LGDs which reveal area wide increases of 10.33% and 17.78% respectively.

Summary

The findings of this report indicate continued confidence in a stable, affordable market, despite the impact of COVID. However, the challenges as we emerge from lockdown, vaccinations take hold and the economy seeks to rebound cannot be taken too lightly. As support measures including the Furlough scheme are withdrawn, and the housing market becomes more interlinked with the economy, the real implications of the global pandemic will emerge.

The positive analysis by the Bank of England of a strong recovery in 2021 is encouraging, and that impetus at a national level will require, not only political stability but, strong political leadership at a local level to ensure we build economic momentum, supporting job creation to enable consumer spending.

At Progressive we continually review the market to ensure that we can provide the guidance and support that buyers are looking for. We are committed to offering a flexible approach with each mortgage application considered on a case-by-case basis ensuring that people in Northern Ireland can achieve their goals of home ownership.

Michael Boyd

Deputy Chief Executive & Finance Director
Progressive Building Society



General Market Trends

The main findings of this survey indicate a market which continues to show stability and remains generally unaffected by the ongoing global pandemic with a consecutive quarters price growth evident. The House Price Index shows both annual and quarterly price increases of 2.8% and 2.3%. The pent up demand evident in the market has continued to result in relative buoyancy, with transaction levels normal and market momentum continuing to gather pace in what is traditionally a quieter period of the year.

This latest survey indicates a residential property market that continues to exhibit increasing price growth and strong market demand signals.

Similar to the survey findings reported in Q3 2020, there continues to be apparent market filtering processes in operation within the NI housing market, particularly noticeable in the mid-to-higher pricing ranges. The overall average price of residential property in Northern Ireland for the fourth quarter of 2020 is £183,944, which represents a weighted annual level of growth of 2.8% between Q4 2019 and Q4 2020¹. When considering quarterly movements, the Index displays an increase of 2.3% relative to Q3 2020. This growth appears to be driven by the increased activity particularly in the semi-detached and new build sectors across the province.

Agent commentary and market sentiment survey Q4 2020

Responses to the agent survey at the end of Q4 2020 yielded a number of pertinent insights on the continued buoyancy that agents have experienced over the course of the last three months. The survey affords readers of the house price report series some contextual appreciation to supplement the figures underpinning the index performance indicators.

Survey responses are aligned with the transaction evidence with 75% of the agents surveyed confirming an increase in transaction activity from the previous quarter. The volume of new buyer enquires are also up on the previous quarter according to more than 60% of those participating in the survey – although it is noteworthy that the volume of viewings is much more location specific. Increased viewing levels overall has translated into an increase in agreed sales over the course of the quarter with a significant percentage (81%) of agents reporting a direct correlation between the level of viewings and agreed sales.

As one contributor to the survey commented:

“Nearly every viewing now results in an offer or a valued lead. The pandemic has meant that ‘passive viewers’ have almost disappeared from the market with only ‘serious’ prospective purchasers arranging viewings”. This has contributed to the stronger correlation between the number of viewings and transaction volumes”.

Agent views are ‘mixed’ on future activity levels with 43% of agents expecting activity levels to remain the same going into Q1 2021 while 38% of agents anticipate a decline in activity levels as the implications of a more protracted lock-down and the workings out of Brexit finally begin to filter through. However, it is noteworthy that the buoyancy in transaction volumes witnessed this quarter had not been anticipated via our Q3 survey.

In terms of the pricing structure the overriding majority of agents (63%) expect prices to remain relatively constant over the first quarter of 2021. A smaller proportion of agents (31%) anticipate an increase in house prices over the first three months of 2021, a view premised mainly on the levels of pent up demand and increased levels of viewings and underpinned by the lack of suitable product in many key urban locations across the province. A number of agents commented on the supply-demand imbalance:

“The main issue at the moment is the lack of supply due to the low levels of new build and many existing home owners being reluctant to sell during the pandemic”.

Overall, the survey results infer that agents expect market sentiment to remain positive with all respondents citing levels of confidence amongst both buyers and sellers to either improve or remain the same over the first three months of 2021. Capacity to purchase nonetheless remains key to transaction volumes. Within these confines retractions to the range of mortgage products and heightened lending criteria has commanded much media attention throughout the timeline of the COVID pandemic. The agent survey for Q4 2020 suggests that increased restrictions in mortgage provision continues to impact the market. Indeed, 63% of respondents were of the opinion that the lack of mortgage availability had negatively impacted sale completions over the course of the quarter.

In terms of the longer term outlook for the housing market it is clear that, should the financial and economic implications of the pandemic persist well into 2021, agents anticipate implications on the pricing structure. The vast majority of respondents (69%) anticipate a small negative impact. Notably, 31% felt that the elongation of the pandemic could actually fuel a small increase in the pricing structure; with many prospective buyers having increased their saving levels throughout the pandemic lock-down, and with expenditures on foreign holidays, for example, remaining uncertain, there is a view that many will decide to invest in the housing market.

With the UK having now officially left the European Union, the implications of Brexit on the housing market will become much clearer over the course of the next 12 months – although the lagged implications of the pandemic make forecasting of a ‘Brexit’ affect less tangible. The results from our survey of estate agents suggest that agents do anticipate a small negative effect on the pricing structure, but in truth the wider macro-economy and the economic recovery strategy will have a much greater bearing on both demand and pricing fundamentals. At the time of writing there have clearly been some ‘teething’ issues in terms of both trade and governance – but nothing that was not foreseen or unanticipated. Over the longer term the ability of NI to leverage its position within both the UK and EU markets will be crucial to continued economic growth and the attraction of FDI, which underpins the employment creation and economic expansion that, in turn, foster a vibrant housing market.

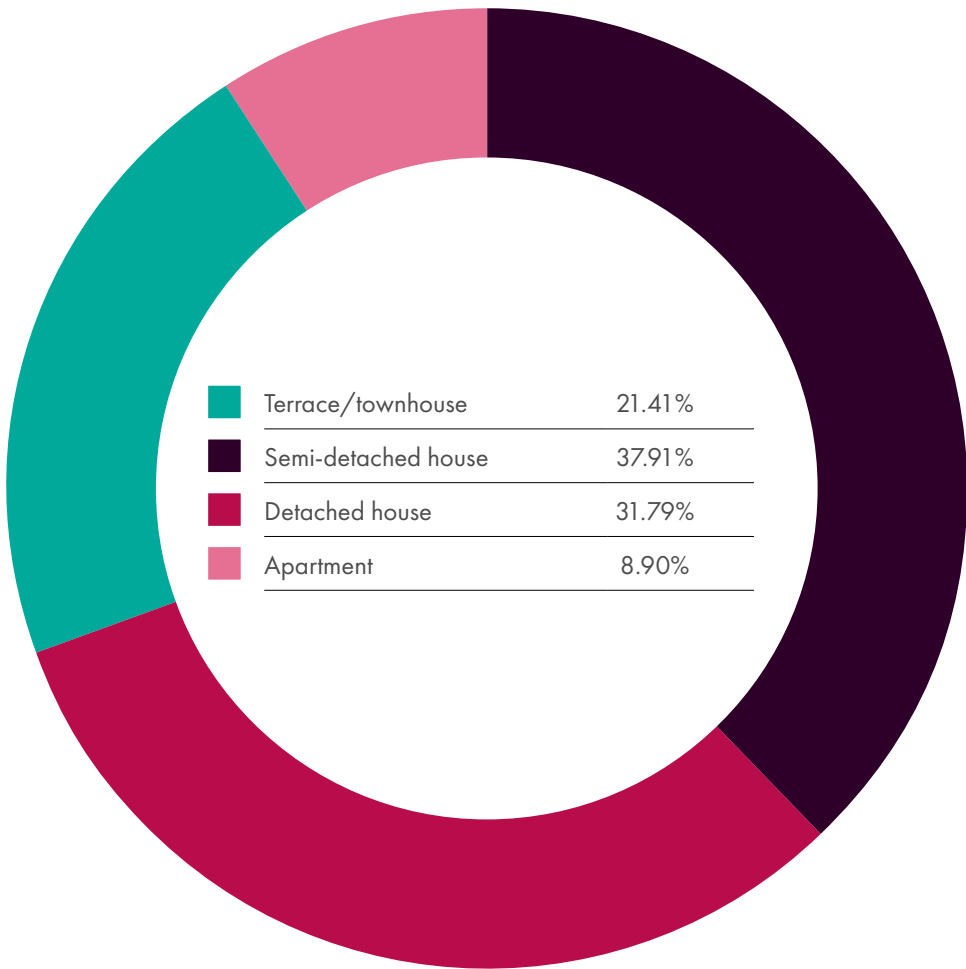
A number of agents contributing to the Q4 survey cited an increase in the volume of investment coming into the housing market from outside NI as a further factor sustaining market momentum and maintaining confidence. Indeed, one agent commented on the growth in enquires from England; NI still offers considerable value for money relative to the GB market and the transition to flexible and remote working practices is also a potential factor in the increased volume of enquires.

Sample distribution

The data collected in the fourth quarter of the year displayed some rather notable movements across the price distribution. The proportion of lower priced properties (below £100,000) equated to 14.9%, a decrease of one percentage point from Q3 2020. Properties sold at or below £150,000 accounted for 42% of transactions, a further four percentage point decrease compared to 46% observed in the previous survey. In the mid-to-higher price brackets, 69% of transactions were at or below £200,000, representing a two percentage point decrease from the previous quarter. In the upper pricing levels of the market, 83% of properties sold at or below £250,000, the same as the previous quarter, while 89% of sales were below the £300,000 price band, a decrease of one percentage point by comparison with the previous quarter. Overall, the analysis by price band shows a decrease in the sales of properties resting in the lower end of the price distribution, with the discernible increase in activity in the mid-value ranges of the pricing structure across Northern Ireland continuing to show trading up occurring within the market.

The sample representation by property type this quarter is indicative of the wider housing market stock profile² and in line with previous quarters, with minor changes notable. Semi-detached houses continued to be the most common house type in the sample, representing 38% of all transactions (n=997). There was a slight reduction in the percentage share of terraced/townhouses by one percentage point to 21% (n=563). Detached houses comprised 32% of all sales (n=836), similar to the previous quarter. Apartments also displayed the same representation as quarter two, accounting for 9% (n=234) of the sample, and remaining the smallest share of the market. The proportion of new build properties within the sample also remains in line with previous quarters, representing 27% of sales (n=703).

Figure: Market Share by Type of Property



¹ The HPI weights the sample mix by property type which compares price and quantity statistics from the current period in relation to the base period.

² Statistics gathered from the latest register of recorded households reflecting the market compilation of property types across Northern Ireland.



Performance by Property Type

Analysis by property type indicates that there was positive annual price growth within the semi-detached and detached segments of the market. Both the terrace and apartment sectors reveal nominal and more modest price declines relative to Q4 2019. Examination of quarterly price movements reveals both the terrace and semi-detached sectors to show relatively strong price growth, with the detached sector displaying more modest growth. The apartment sector reveals a modest price decline. The figures are arguably a reflection of the increase in transaction levels at the mid-range of market prices as well as an increase in transactions for apartments within the lower levels of the pricing distribution. The analysis shows 69% of apartment transactions were below £150,000.

In terms of simple percentage changes, the data provides a snapshot that enables comparison of the current average price with the corresponding statistics for Q4 2019 (annual change) and Q3 2020 (quarterly change). In annual terms, the average price statistics show a 2.9% increase from Q4 2019 levels. Where quarterly change is concerned, the average price witnessed an increase of 2.2% between Q3 2020 and Q4 2020.

Comparative analysis by property type over the year, in parallel with the overall annual increase, shows varied levels of average price changes. The terrace/townhouse sector exhibited a 1.1% annual decline relative to Q4, 2019 and while the statistics show more pronounced levels of annual growth within the semi-detached (6.1%) and detached (4.6%) sectors, they also reveal a decline of 6.2% in the apartment sector, which appears to be a consequence of lower priced apartment stock transacting below long-term averages. Over the shorter term, the terrace segment posted a 5.3% average price increase over the quarter, concomitant with the semi-detached sector, which shows a similar price increase of 4.3%. The detached sector displays a more modest increase of 1.3% over the quarter. Scrutiny of asking versus achieved prices confirms that both the semi-detached and terrace/townhouse sectors have witnessed comparatively more offers over the asking price, which appears to be driving the price performance.

Apartment price movements remain uneven as the apartment sector tries to find its price equilibrium in the short-term. This quarter revealed a price decline of 4.7% on the back of the pronounced increase of 10.8% observed in quarter three of the year. This variability is suggestive of the increase in transactions in market areas with lower apartment prices which is confirmed by the coefficient of variation value of 0.48 (see footnote 3).

The overall average price in the terrace/townhouse sector was £121,419 (n=563). The average price of traditional private-sector built terrace dwellings was £126,010 (n=468), while townhouses displayed an average of £170,125 (n=125). However, the average price of public sector-built terrace dwellings sold during the quarter remained substantially lower (£98,745; n=95). The semi-detached sector showed an average price of £168,943 with private-built dwellings displaying an average of £170,362 (n=971), compared with an average of £115,948 (n=26) for public-built semi-detached housing. The overall average price of detached housing was £259,889 (n=836). For apartments, the average price in the market was £139,654, with differences evident between the average price of private-built apartments (£142,798; n=223) and those originally built within the public sector (£75,904; n=11).

Average price by property type (unweighted % change)

Market sector	Annual % change	Quarterly % change	Average Price Q3 2020	Average Price Q1-Q4 2020
Terrace/townhouse	-1.1	5.3	£121,409	£118,271
Semi-detached house	6.1	4.3	£168,943	£163,425
Detached house	4.6	1.3	£259,889	£254,640
Apartment	-6.2	-4.7	£139,654	£142,489
N. Ireland	2.9	2.2	£183,944	£180,079

Average price by Local Government District

Local Government District	Average Price Q3 2020	Average Price Q4 2020	% change Q3-Q4	Average Price Q1-Q4 2020
Antrim & Newtownabbey	£159,986	£159,639	-0.2%	£154,737
Ards & North Down	£210,189	£203,218	-3.3%	£198,468
Armagh City, Banbridge & Craigavon	£160,875	£158,465	-1.5%	£158,921
Belfast	£160,176	£163,473	2.1%	£164,796
Causeway Coast & Glens	£186,285	£203,028	9.0%	£189,452
Derry City & Strabane	£129,892	£127,899	-1.5%	£129,661
Fermanagh & Omagh	£145,602	£171,496	17.8%	£165,877
Lisburn & Castlereagh	£200,877	£204,401	1.8%	£199,017
Mid & East Antrim	£151,121	£166,734	10.3%	£158,168
Mid Ulster	£175,485	£166,942	-4.9%	£164,016
Newry, Mourne & Down	£188,308	£181,014	-3.9%	£180,132

Average Price by Functional Housing Market Areas

HMA	Average Price Q3 2020	Average Price Q4 2020	% change Q3-Q4	Average Price Q1-Q4 2020	Belfast Metropolitan Area Local HMAs	Average Price Q3	Average Price Q4	% change Q3 - Q4
Ballymena HMA	£161,577	£155,441	-3.8%	£155,409	Antrim Local HMA	£163,170	£176,766	8.3%
Belfast Metropolitan HMA	£185,211	£189,837	2.5%	£185,259	Core Belfast HMA	£192,110	£192,607	0.3%
Causeway Coast HMA	£192,739	£200,345	3.9%	£188,199	Greater Belfast HMA	£172,395	£189,819	10.1%
Cookstown HMA	£184,642	£163,796	-11.3%	£167,818	Central Local HMA	£187,468	£182,051	-2.9%
Craigavon Urban Area HMA	£159,299	£165,038	3.6%	£160,596	Lisburn HMA	£182,480	£193,544	6.1%
Derry HMA	£156,823	£127,745	-18.5%	£141,230				
Dungannon HMA	£155,715	£146,357	-6.0%	£156,773				
Fermanagh HMA	£113,658	£183,874	61.8%	£178,936				
Newry HMA	£188,706	£160,978	14.7%	£173,653				
Omagh HMA	£147,765	£141,990	-3.9%	£144,036				
Strabane HMA	£162,990	£171,806	5.4%	£141,550				

Performance by Region

Analysis at the sub-regional level, based upon the eleven Local Government Districts (LGDs) and Housing Market Areas (HMAs) identified in research for the Housing Executive, highlights the variation in regional pricing levels across Northern Ireland. All LGDs except Belfast show price growth compared to price statistics from Q3 with more variation noticeable when comparing to the previous quarter. These changes remain driven by the different types of stock which are transacting within the market areas.

Local Government Districts

In line with previous surveys, the geographic variation in average house prices across the LGD areas remains spatially uneven and representative of local market demand and supply factors and market behaviour. When considering the price change statistics between this quarter with quarter three, five of the eleven LGDs revealed nominal to modest price decreases.

Antrim and Newtownabbey remained in parity with quarter three statistics noting a negligible decline of 0.2% to an average price of £159,639. Both Derry City and Strabane and Armagh City, Banbridge and Craigavon LGDs display a nominal decline of 1.5%, revealing average prices of £127,899 and £158,465 respectively. The Ards and North Down (-3.3%), Mid Ulster (-4.9%) and Newry, Mourne and Down (-3.9%) LGDs observed marginally greater price declines. The price growth of 1.8% in the Lisburn and Castlereagh LGD sees it the most expensive LGD, with an average price of £204,401, followed closely by Ards and North Down (£203,218) despite its modest decline this quarter of 3.3%.

The Belfast LGD observed a price increase of 2.1%, to an average price of £163,473. More notable price increases are observed in Causeway Coast and Glens (9.0%) which shows an average price of £203,028, and in the Mid and East Antrim and Fermanagh and Omagh LGDs, where the average price increased by 10.3% and 17.8% respectively. It must be caveated, however, that examination of the underpinning transactional evidence within these LGD market areas shows increases in the level of detached and new build properties transacting within the sample, which appears to have driven this price growth.

The variability of average prices within districts continues to reflect the varying composition of the housing stock in each district against the sample sales average price information, albeit this is weighted using market stock composition.

Applying the coefficient of variation³, the continued price variability within some market geographies is evident which appears to have increased across a number of the regional market areas. All market areas have witnessed an increase in their CoV's reflecting the price ranges of the stock transacting. The previous survey showed the majority of CoV's to range between 36%-48%, however these appear to have increased in a number of market areas clustering between 46% and 53%. Lisburn and Castlereagh (38%) and the Mid Ulster (37%) display the lowest CoV's with Derry City and Strabane (71%) and Belfast (58%) displaying the highest price variation. Overall, the increased concentration of

activity in the middle range of the housing market during quarter four seems to have contributed to an increase in the discernible pricing variations across markets.

Regional Analysis based on Housing Market Areas

Regional analysis is also generally undertaken using the functional Housing Market Areas (HMAs) defined on the basis of research that was undertaken for the Housing Executive to help guide spatial study of the housing system⁴, as well as a number of more localised HMAs and sub-areas that function within and across the Belfast Metropolitan HMA⁵.

Functional Housing Market Areas

The Housing Market Areas defined for the Housing Executive witnessed varying degrees of price change. The Belfast Metropolitan HMA, alongside the Causeway Coast, Strabane and Craigavon Urban Area HMAs show moderate price increases of between 2.5% and 5.4%. In contrast, a number of the HMAs, namely Ballymena, Omagh and Dungannon HMAs, showed price decreases of between 3.8% and 6%. There were more sizeable negative price changes observed in the Cookstown, Newry and Derry HMAs, ranging between 11.3% and 18.5%, while the Fermanagh HMA showed a price increase of 62% over the quarter, to an average of £183,874. The varied level of price changes is characteristic of market filtering practices, market demand tastes and the composition of stock transacting at higher prices – particularly for new builds. Indeed, the previous survey noted that sizeable growth (relative to Q1) was witnessed in the Cookstown, Newry and Derry HMAs, which, when further scrutinised, was a consequence of increases in detached property sale transactions. This quarter has seen a reduction in the level of detached transactions towards semi-detached, which is manifested in price decreases.

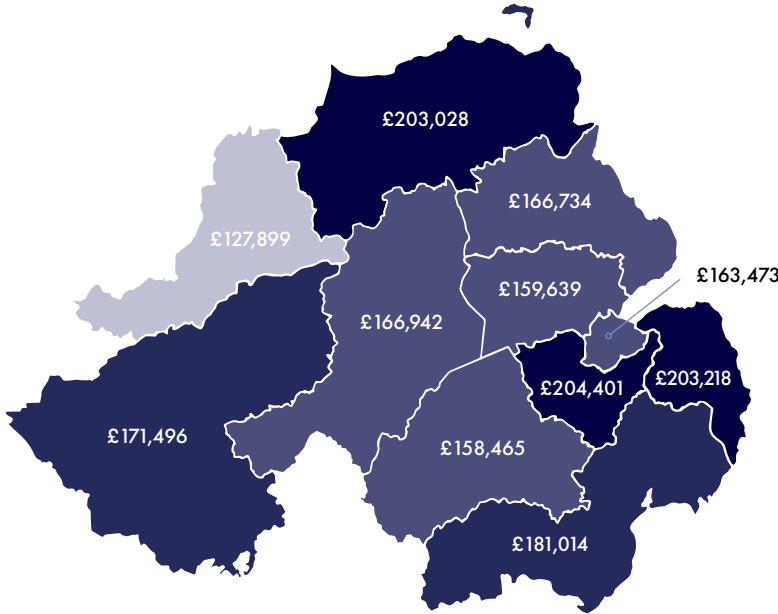
At the more localised geographies within the Belfast Metropolitan Area, the Core Belfast local HMA has remained in parity observing an average price of £192,607 and negligible price increase of 0.3% from quarter three levels. For the Central Belfast Local HMA, the average value of £182,051 represents a price decline of 2.9% relative to the previous quarter, the only one of the local Belfast HMAs to do so. At the Greater Belfast HMA level, the price statistics show an average of £189,819, representing a 10% increase from quarter three pricing levels. This seemingly appears to be driven by the price movements noticeable in the more peripheral market geographies. The Antrim Local HMA continued to show strong price growth, posting an increase of 8.3% displaying an average price of £176,766. Equally, the average price also increased in the Lisburn local HMA by 6.1% to £193,544.

³ The Coefficient of Variation (CoV) is a measure of relative variability. It is the ratio of the standard deviation to the mean (average). The CoV is particularly useful when comparing results from surveys or samples that have different measures or values. In this case, for example, if the sample for District A has a CoV of 10% and the sample for District B has a CoV of 20%, we can say that District B has more variation in house prices, relative to its mean house price, than District A.

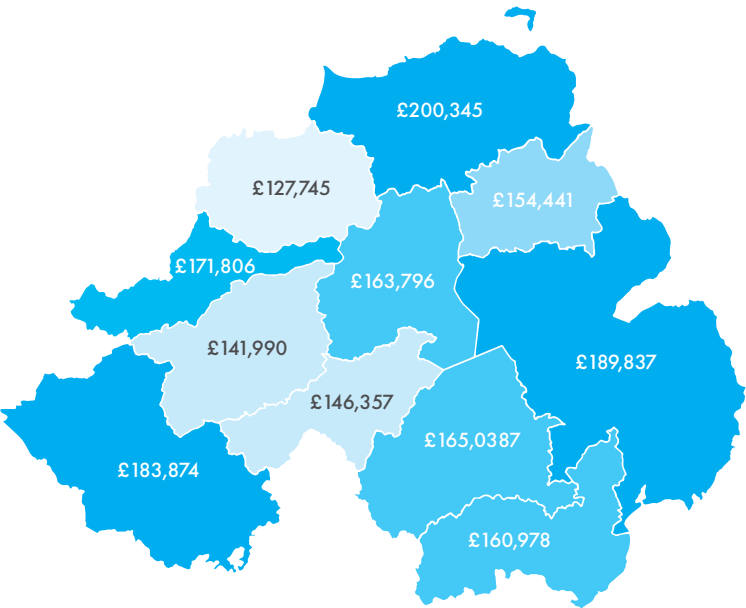
⁴ The research identified eleven broad housing market areas within Northern Ireland. See: www.nihe.gov.uk/getmedia/4ae016fe-6702-4080-983e-dac39738b342/Mapping-Northern-Irelands-Housing-Market-Areas.pdf.aspx?ext=.pdf

⁵ These are as follows: Antrim Local HMA (made up of the sub areas of East Antrim and South Antrim); Ards and Down Local HMA (made up of the sub-areas of Ards and Down); and Core Belfast Local HMA (made up of Central or Core Belfast area and Lisburn).

LGD Average House Price Q4 2020	
	£127,899 - £140,000
	£140,001 - £155,000
	£155,001 - £170,000
	£170,001 - £185,000
	£185,001 - £200,000
	£200,001 - £204,401



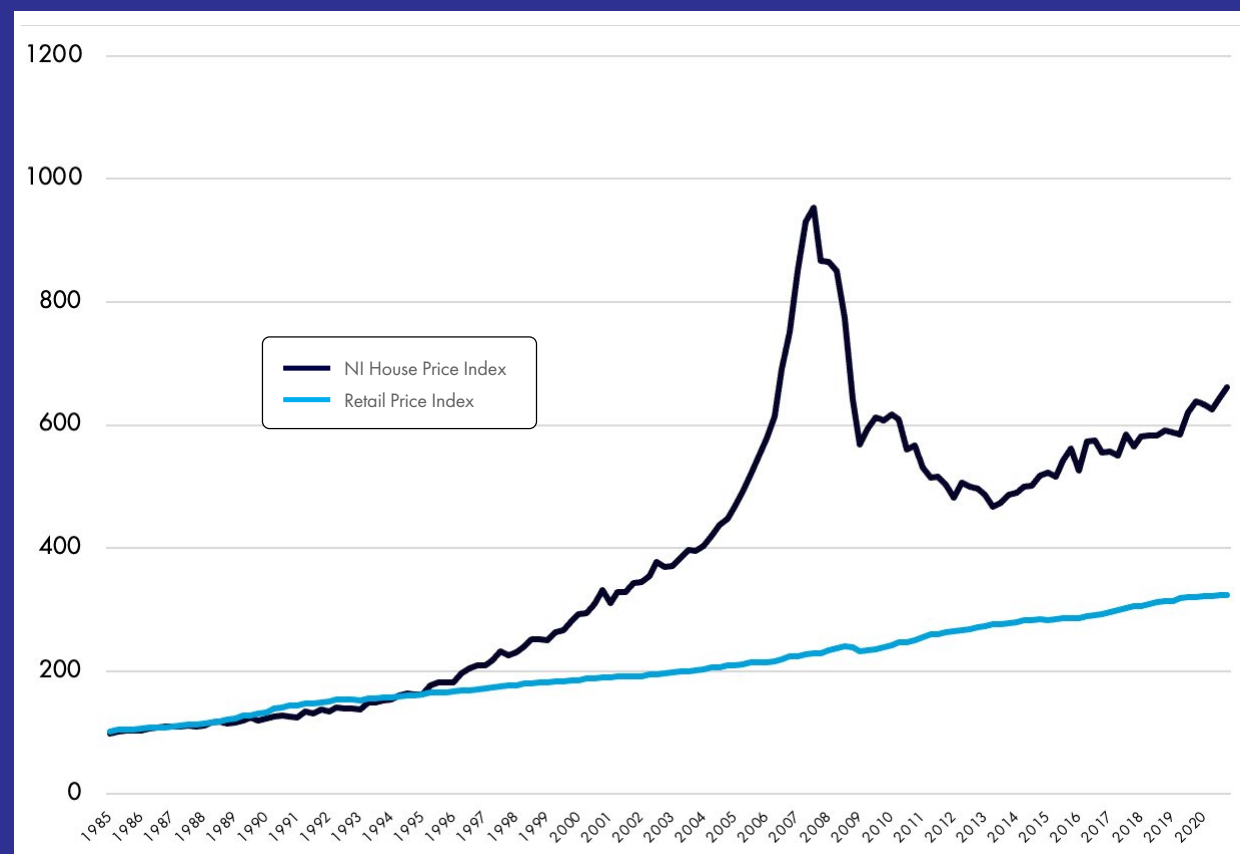
NIHE HMA Averages House Price Q4 2020	
	£125,000 - £140,000
	£140,001 - £150,000
	£150,001 - £160,000
	£160,001 - £170,000
	£170,001 - £180,000
	£180,001 - £200,345



The House Price Index

The long-term house price index is calculated relative to price levels for each property type at the base quarter for the survey, the final quarter of 1984. The overall index, standing at 660.92 in Q4 2020 is up approximately 15 basis points relative to quarter three of 2020. The increase in the quarterly values continues to be driven by increased market activity in the mid-to-high pricing levels both in the new build and semi-detached sectors.

The pattern of the house price index since its rapid fall during 2008-2010 has been one of uneven performance. After trending downwards over the period 2011-2013, the overall picture since 2014 has been an upward trajectory for the index, which displayed less variation in price changes initially, but has witnessed more price variability, punctuated by periods of both slightly higher and lower average prices, since 2016. This variability seemingly subsided moving into the second half of 2019 which witnessed continued price increases illustrating more traction than in the previous six quarters. As a consequence of the COVID-19 pandemic and artificial market closure, the market bounce back has witnessed strong demand signals and continued to show overall price growth over the last two consecutive quarters.



¹ Base = 100 in 1984

² Northern Ireland Labour Market Report January 2021: www.nisra.gov.uk/system/files/statistics/labour-market-report-january-2021.pdf

³ www.finance-ni.gov.uk/publications/new-dwelling-statistics

⁴ <https://ulstereconomix.com/2021/02/08/output-falls-at-fastest-pace-since-may-last-year-amid-covid-19-lockdown/#more-13210>

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